

Message Text

LIMITED OFFICIAL USE

PAGE 01 NEW DE 04403 021430Z

51

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 NEA-09 ISO-00 AGR-05 SP-02 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 L-02 H-02 /098 W
----- 070499

R 021220Z APR 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7846

INFO AMEMBASSY BONN

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY LONDON

AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 4403

E.O. 11652: N/A

TAGS: EFIN, IBRD, IN

SUBJ: DEBT RESCHEDULING AND THE AID TO INDIA CONSORTIUM

REF: STATE 066345

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NEW DE 04403 021430Z

1. ECONOMIC COUNSELOR AND FINANCIAL ATTACHE MADE POINTS

ON U.S. POSITION ON DEBT RESCHEDULING FOR INDIA CONTAINED REFTEL TO V. N. RAJAGOPALAN WHO IS ACTING FOR SHROFF AS MOF OFFICER IN CHARGE OF INDIAN RELATIONS WITH THE BANK AND FUND FOLLOWING SHROFF'S DEPARTURE FOR WASHINGTON LAST MONTH. WE HAVE NOT MADE SIMILAR PRESENTATION TO FOREIGN MINISTRY SINCE QUESTIONS OF THIS TYPE ARE HANDLED SOLELY BY MOF.

2. IN MAKING PRESENTATION, EMBOFFS STRESSED INCREASING DOMESTIC POLITICAL PROBLEMS CAUSED FOR U.S. EXECUTIVE BRANCH BY ANNUAL RESCHEDULING OF INDIA'S DEBTS IN THE ABSENCE OF A DEFAULT OR IMMINENT DEFAULT SITUATION. WE SAID THAT USG IS NOT OPPOSED TO DEBT RESCHEDULING BY OTHER MEMBERS OF THE CONSORTIUM, BUT THAT U.S. PARTICIPATION POSES VERY SIGNIFICANT PROBLEMS FOR U.S. AS SUCH IT IS A MATTER OF PRINCIPLE AND NOT ONE OF THE AMOUNT OF DEBT RESCHEDULING THE U.S. WOULD BE PREPARED TO AGREE TO. WE STATED THAT WE ASSUMED GOI AGREED THAT THE IMPORTANT THING IS THE TOTAL MULTILATERAL SIZE OF THE INDIAN ASSISTANCE PACKAGE AND THE QUALITY REINTRODUCED THE FREE FOREIGN EXCHANGE CONCEPT FIRST ADVANCED BY THE WORLD BANK IN 1974, MODIFIED SLIGHTLY TO INCLUDE FOOD AND FERTILIZER AID AS FORMS OF FREE FOREIGN EXCHANGE.

3. RAJAGOPALAN MAINLY LISTENED TO OUR PRESENTATION. HOWEVER, HE DID SAY THAT GOI HAD REVIEWED DEBT RESCHEDULING WITH OTHER MAJOR DONORS. SEVERAL OTHER DONORS (U.K. AND GERMANY WERE MENTIONED) HAD SAID THEY WOULD CONTINUE TO GRANT DEBT RESCHEDULING WITHIN THE CONSORTIUM FRAMEWORK EVEN IF THE U.S. DID NOT AND INSTEAD CHOSE AN ALTERNATE FORM THROUGH WHICH TO PROVIDE FREE FOREIGN EXCHANGE.

4. COMMENT: RAJAGOPALAN DID NOT APPEAR SURPRISED BY THE USG POSITION. HE APPEARED TO ACCEPT OUR CONTENTION THAT DOMESTIC U.S. ISSUES, RATHER THAN BILATERAL RELATIONS, HAD DETERMINED THE U.S. POSITION.

5. IT IS DIFFICULT TO JUDGE WHETHER RAJAGOPALAN'S CALM AND MATTER OF FACT APPROACH REFLECTS A NEW GOI POSITION OR SIMPLY IS A RESULT OF A WORKING LEVEL OFFICIAL'S ATTEMPT TO MAKE THE BEST OF THE SITUATION. HE DID STATE THAT THE GOI WOULD WISH TO DISCUSS DEBT RESCHEDULING WITH SECRETARY SIMON, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NEW DE 04403 021430Z

THOUGH HE GAVE NO INDICATIONS WHAT GOI POSITION WOULD BE.

6. WE WOULD LIKE TO HOPE THAT THIS POTENTIALLY HIGHLY TROUBLESOME ISSUE HAS GONE AWAY BUT ARE FAR FROM SURE WHETHER THIS IS THE CASE. EFFECTIVE LEADERSHIP BY THE WORLD BANK AND WILLINGNESS OF THREE PRINCIPAL COUNTRIES (U.K., GERMANY, AND JAPAN) TO CONTINUE DEBT RESCHEDULING WOULD GO A LONG WAY TOWARD ACHIEVING OUR GOAL OF U.S. NON-PARTICIPATION IN DEBT RES-

CHEDULING WHILE PERMITTING OTHERS TO CONTINUE. HOWEVER, IT
IS POSSIBLE THAT POLITICAL LEVELS OF THE GOI WILL STILL VIEW
USG NON-PARTICIPATION AS POLITICALLY MOTIVATED. IN THIS
CONNECTION SECRETARY SIMON'S VISIT IS OF MAJOR IMPORTANCE
AND IT WOULD CERTAINLY BE HELPFUL IF SUBSTANTIVE COMMENTS
ON BRITISH, GERMAN AND JAPANESE ATTITUDES COULD BE OBTAINED
PRIOR TO HIS ARRIVAL IN NEW DELHI ON APRIL 15.
SAXBE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, DEBT REPAYMENTS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE04403
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750114-0339
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750489/aaaaddld.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 066345
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by ShawDG>; APPROVED <14 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DEBT RESCHEDULING AND THE AID TO INDIA CONSORTIUM
TAGS: EFIN, IN, US, IBRD, (RAJAPOPALAN, V N)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006